

CIA/OER/S-06799-75
UNCL

Approved For Release 2002/02/05 : CIA-RDP85-00660R000600010003-3
ANALYSIS OF SOVIET REPORT

FEB 75
01 OF 01

26 February 1975

MEMORANDUM FOR: Deputy Chief, USSR/Eastern Europe Division

SUBJECT : Analysis of Soviet Report on 1975 Plan
Obtained in Moscow by Gerald Parsky,
Assistant Secretary for Energy, Trade,
and Financial Resources Policy Coordi-
nation, Department of the Treasury

The State Plan

1. The Soviet report "On the State Plan for the Development of the National Economy of the USSR for 1975" is a condensed composite of Gosplan Chairman Baybakov's speech to the Supreme Soviet on 18 December 1974 (Pravda, 19 December 1974) and the Central Statistical Administration's report on 1974 economic results carried in the Soviet press on 25 January 1975 (translations attached).
2. Every number contained in the recently obtained report was published in the Soviet press articles attached. The only differences are that the condensed report rounds some numbers (capital investment in 1975 will be 7% greater than in 1974 compared with 7.3% reported by Baybakov), and it contains some typographical errors (140.2 million tons of steel to be produced in 1975 compared with 142 million tons in Baybakov's speech).
3. The only other difference is that the format and presentation of the condensed report have been tailored for a US audience. The need for Western machinery and equipment is mentioned several times along with the desire to develop "normal trade relations" with the industrial developed countries. Specific companies -- Occidental Petroleum, Kaiser Aluminum, International Paper -- are cited as good examples of developing trade. Soviet products with good export potential are touted -- passenger cars, photographic equipment, metalcutting machines, tractors, etc. None of this information is new.

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MICRO ONLY

New Data on Soviet Foreign Trade

4. The information sheet on Soviet foreign trade in 1974 (translation attached) provides new data on the total value of Soviet trade exports and imports), the distribution of trade by major areas (trade turnover only), trade turnover with seven leading trading partners in the developed West (including the United States), and information on a few major commodities exported and imported.

5. Soviet trade totaled \$52.3 billion, up almost 24% over 1973. Exports increased almost 29% to \$27.5 billion, and imports totaled \$24.8 billion, up by more than 18%. Trade with the developed West increased nearly 48% to \$16.4 billion, highlighted by roughly a 75% increase in trade with West Germany and more than a 65% increase with Japan. The developed West now accounts for 31% of total Soviet foreign trade -- up from 26% in 1973.

6. In the area of energy exports, Soviet crude oil deliveries totaled 81 million metric tons, down 4 million tons from the 1973 level. Coal exports experienced a similar decline, falling more than 2 million tons to a level of 22 million tons. No geographic breakdown is available, but it is more likely that oil deliveries fell to the West rather than to Communist customers. Total deliveries of natural gas, on the other hand, roughly doubled in volume to about 14 billion cubic meters.

7. In the machinery and equipment grade, imports increased by more than \$750 million to a total value of about \$7,900 million. Nearly all of the increase came from the West, from which total imports amounted to about \$2.7 billion. Soviet machinery and equipment exports increased nearly \$800 million to a level of \$5.3 billion. Most of the increase went to the CEMA countries, which make up about 80% of the Soviet market. Exports of Soviet passenger cars increased 36% to 323,000 units.

* These percentages reflect dollar-value increases and are lower than the ruble-value increases because of the appreciation of the dollar against the ruble in 1974 (1 ruble = US \$1.32) compared with 1973 (1 ruble = US \$1.35).

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USSR Branch

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Chief,
Trade Branch

Attachments:
As stated

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(J. Crawford)

OER/D/U/ [REDACTED] vm/5107 (26 Feb 75)

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Information Brief on USSR Foreign Trade
in 1974

During the entire history of the Soviet state, foreign trade has had an active role in the solution of problems of our country's economic construction. This role is constantly growing and foreign economic relations are becoming an increasingly important means of upgrading the economic efficiency of our national economy.

The foreign trade turnover of the Soviet Union in 1974 increased 26.2% over 1973 and amounted to 39.6 million rubles, with exports growing 31.2% and imports, 21.2%. In 1974 the Soviet Union traded with 110 countries: 13 socialist countries, 25 developed capitalist countries, and 72 developing states: 25 countries of Asia, 30 African countries and 17 countries in Latin America.

The socialist countries are the most important in USSR foreign trade; more than half of the foreign trade turnover of the Soviet Union is with this group. The trade turnover with these countries in 1974 amounted to 21.4 billion rubles vs. 18.3 billion rubles in 1973. Mutual deliveries of machinery and equipment grew at a particularly fast pace.

USSR machinery and equipment exports to the CEMA countries have grown. Thus, in 1974, the value of these deliveries amounted to 2.8 billion rubles compared to 2.3 billion rubles in 1973. The value of these imports from CEMA countries in 1974 came to 3.9 billion rubles against 3.8 billion rubles in 1973.

Soviet deliveries cover about one-third of the import requirements of the CEMA members for machinery and equipment. It is also well known that through deliveries from the USSR these countries almost completely satisfy their import requirements for oil, gas, pig iron, and electricity; three-fourths of their import requirements for oil products, rolled metal and phosphorous fertilizers, and a large part of their import requirements for cotton, iron ore and manganese ore, and forest products.

The joint use of a number of natural resources and joint construction of large-scale installations of the chemical, pulp-paper, and other branches of industry imparts special meaning to the socialist commonwealth states. A good example of such cooperation is the implementation of long-term, large-scale projects for the construction of industrial installations, such as the Ust-Ilimsk cellulose combine, the Kiyembayev asbestos mining and enriching combine; an ammonia plant at the "Fosforit" combine in Kingisepp, and others. The realization of these and other agreements will permit considerable growth of the raw material and energy resources of the socialist commonwealth countries, foster mutual trade, and expand the range of goods exported and imported.

The Soviet Union also is increasing trade with many developing states of Asia, Africa, and Latin America. The USSR's trade turnover with this group of countries amounted

to 5.8 billion rubles in 1974 -- 23.5% over 1973. India, Iraq, Egypt, Syria, and Iran are the most important. Trade has increased considerably with such Latin American countries as Argentina, Brazil, and Mexico.

Trade turnover with the developed capitalist countries grew 48.7% compared with 1973 and amounted to 12.4 billion rubles. The most important Soviet trading partners among this group of countries in 1974 were the FRG (2,209 million rubles); Japan (1,681 million rubles); Finland (1,540 million rubles); Italy (1,137 million rubles); France (941 million rubles); and England (890 million rubles). Trade with them in 1974 was considerably higher than in the previous year. About 70% of our trade with developed capitalist countries is with these countries.

In recent years there has been a proliferation of long-term agreements to complete large-scale installations on Soviet territory on a compensation basis. This form of cooperation is applied mainly in exploiting natural resources to increase reserves of important raw materials. It solves the problem of obtaining additional output for satisfying the growing needs of the USSR national economy and expanding exports of industrial products, especially to repay countries participating in the construction. The Soviet Union now has agreements with the largest firms of the USA, FRG, France,